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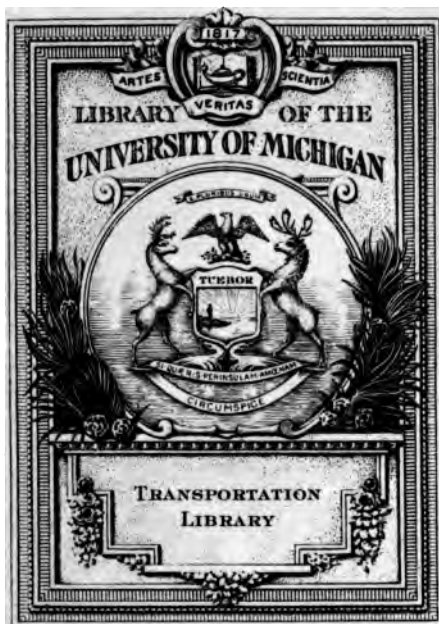
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CONFIDENCE OR NATIONAL SUICIDE

BY ARTHUR E. STILWELL





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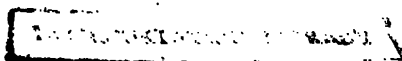
Confidence, or National Suicide ?

BY
ARTHUR EDWARD STILWELL

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Respectfully Dedicated

to

GEORGE W. WESTINGHOUSE

whom I consider one of the greatest Americans, and to whom the world owes a debt of gratitude for the air brake and other inventions.

PREFACE

THE following collection of notes is issued at the request of friends, with the hope that the publication may call attention to problems which are confronting the people of our country to-day, and which are threatening peril to American railroads.

While considering this subject, reference will be made to other matters, which are related to and influence the investment market of our country, and I shall also lay stress on some points, which I believe have not been mentioned by other writers.

Readers of these notes may say that I, being a railroad man, am prejudiced. However, I offer my observations, hoping they will prove of some worth.

Is there a more important calling than that of a railroad constructor? Is there any achievement more helpful to the Nation than the building of a railroad; opening up a virgin territory; developing a new country; making farm lands advance in value from five to thirty dollars an acre; forcing new towns to spring up, where happy, healthy

school children greet us; witnessing the division into farms of great territories heretofore devoted to ranching? No occupation could be more gratifying than this, which brings with it the feeling that through the power which God has given us, we have been able to create homes for thousands of settlers; we have been able to watch the young men, with a few hundred dollars, venture forth into a virgin country, soon becoming prosperous merchants or successful business men; and to witness the growth of these newly-risen towns to three or five thousands of inhabitants, with schools and prosperous business establishments.

It is given to but few to realize the great satisfaction that comes to railroad builders, officials, stockholders and associates, who know they are bringing growth, strength, and wealth, not alone to the individual, but to the Nation.

Notwithstanding the great benefits that railroads bring to the country, are they now to be enjoined by adverse legislation? In some States new railroads cannot be undertaken, or, if undertaken, have to struggle for their very existence by the low rates imposed by the State Railroad Commission, which forces railroads to operate at less than cost, not counting interest on invested capital.

It is time for the people of America to resent the attacks that are being made on railroads, and efforts that are organized to reduce traffic rates,—now that labor demands higher wage, and cost of material has advanced.

If we but bring the facts before the American public, the progressive people without doubt, are in the majority, and will demand justice. They will insist that the railroads shall share in the prosperity lately enjoyed by business and labor.

The general discrediting of railroad investments by state and federal officials must stop, for on the success of railroads the life of the business world depends. There can be no national welfare until railroads prosper. In order that the railroads may prosper, millions of dollars are needed for extension and betterment. Confidence must be established or money for development cannot be secured.

The failure of late efforts of American railroads to raise traffic rates is a national calamity! Labor demanded increase of wages; the cost of living advanced,—but why? Not because of higher prices alone, but the people have adopted luxuries which they formerly did not demand. Consequently employees claimed increased wages. This was granted. I understand

that the New York Central's pay-roll shows an annual increase of six million dollars and that of the Erie of about two million dollars.

As the matter appears to me, the government was willing to allow an increase in traffic rates to offset the increase in wages, until a general protest came from shippers. The rate increase was enjoined, and afterwards referred to the Interstate Commerce Commission.

I do not believe that it really was the shippers who objected, but the secretaries of various Commercial Clubs who saw an unusual opportunity for a "big noise," which they had not had for a long time. They were employed to watch railroads, and realized that here was a chance they must not forego.

Nearly all railroads need to procure funds for development by additional issues of securities; the wonderful growth of business in the United States demands extensions and improvements. Stop railroad development, and you paralyze the wheels of progress! Part of the money which railroads had secured for development is now being used for payment of increased wages; therefore, many extensions and improvements are postponed.

**CONFIDENCE, OR NATIONAL
SUICIDE?**

A PROTEST

THE late financial disturbance in the United States was uncalled for and, I believe, might have been avoided by the exercise of good judgment and tact.

Wide acquaintance in Europe, and experience in building railroads in the United States and Mexico,—incidentally developing new territory; opening and platting a hundred new towns, now with an aggregate population of two hundred thousand,—have given me a varied view of life, ranging from the counting room of a London bank, to frontier life in the United States, an experience which, perhaps, comes to but few men.

Out of love for my own country, has grown a great desire to see it come into its own. The calamitous evil in the United States of attempting to gain money by tricky methods, is so apparent abroad that everyone should realize it at home. An awful example was the exposure of the false scales of the Sugar Trust.

Foreign investors during the last four months

have withdrawn from contemplated purchases of one hundred and thirty million dollars of our railway bonds. This money was greatly needed for proper development and improvement of our railway facilities. These millions would have come to America, were it not for the poisonous streak of bitter radicalism which yet lingers in the United States regarding railroads, and the sinful warfare waged by bear raiders, harming all American property.

New York journals, recently, have been untiring in their Herculean efforts to uphold American confidence (credit).

There is no sane reason for the present slump in American securities; general financial conditions are not bad; crops are nearly normal; we lead the world as to the most important manufactures—steel, iron and cotton; the balance of trade is in our favor; all nature is bountiful!

Destructive radicalism started the panic of 1907—a devastating electric storm flashing from out the clear sky! Adverse conditions can always be bravely faced by Capital without complaint, but radicalism it cannot withstand.

We must not let radicalism put its weapons into the hands of the bear raiders!

The Democratic Gubernatorial Nominee of Texas has just expressed himself as opposed to radicalism—a sign of the times presaging blessings for that commonwealth.

Notwithstanding these conditions are apparent, there seems to be such apathy regarding them, that I have been prompted to write this protest. We have seen speculators by “bear” attacks, time after time, accumulate questionable fortunes. We have seen men, after years of effort, upbuilding great enterprises, wrecked by a handful of skilled manipulators and politicians.

I am appalled by the popular indifference to such methods and fear a protest is useless. I recall that years ago out West, we hung people for stealing horses and succeeded in cleaning up the country of its boldest outlaws. These men, however, only occasionally held up a train, robbed a bank here and there, and incidentally burned a few houses.

The crimes against which this protest is made are committed with impunity every day, and our nation is under a greater obligation to wipe them out, than it was to kill outlawry in the West. We have done away with the great evil of railroad rebating, and some day may hope to see stock-

market raiding and kindred crimes, prohibited by law. We may then realize that for the nation, as well as for the individual, honesty as a policy is best.

It is far better to profit by building up confidence in the nation and attracting foreign money, which naturally seeks an outlet in American investment, than to make a few paltry millions by tricks or bear raiding. The leading cause of our present unfortunate financial condition is the popular belief that there is no other road to political preferment than, in some way, to destroy vested capital in railroads and industrial enterprises. Trend in this direction during the last eight years has been so evident, that people will believe almost any derogatory financial statement.

The investor has been hit so hard in the past eight years that he is "jumpy" regarding his investment; the awful panic and depression of 1907-1908 left such a vivid impression that capital now fears shadows. When the slightest suggestion of adverse legislation arises, the purse strings of capital are drawn tight. If, in some way, legislation could be enacted which would restore confidence in the future of our railroads; if bear raiding could be eliminated; we soon

would achieve the greatest possible, national prosperity.

There is, to-day, need for the expenditure of millions in the railroads, industries, etc.; yet capital is afraid. This fear must be removed or we will soon enter on a period of great depression; if not actual disaster. We are at the forks of the road; which way shall we turn? ✓

I hope this protest will help point the way toward improved conditions. We have not a foreign foe to fear; the foe is within. There are politicians who hope to rise to power, by attacking invested capital, and "bear" raiders who will destroy values, or property, or wreck banks, merely for personal gain. If any foe from without, should undertake to destroy property to the extent of one-fourth of the harm now accomplished by foes within, we would impeach a President who failed to call out the Army and Navy in defense.

Now is the hour for prompt action, and I hope the time has come when there will be some other way to achieve greatness in political life than by "knocking" vested capital. I hope the day will come when we will hall-mark our stocks and bonds as silver is stamped sterling in England.

The day will come when we in general will comprehend that a man cannot be a true American who makes his millions by destroying financial confidence. The day will come when to enter political life will be an honor, as it is in England, and not a joke, as is often the case here.

No nation has greater opportunities for gain, than the United States, by the upbuilding of confidence in business methods and financial institutions.

The investment money of the world would flow through our gates if more upright methods were adopted here.

We have wide, undeveloped territory to populate; many additions to make to our railroads. Eight or ten years, marked by freedom from bear raids and from political unrest, would give the United States a growth in business and financial standing beyond power of description. To secure these great results, it is needed that truth shall prevail and that we shall have straight business methods. No condition need be colored. The truth is strong enough.

But why should foreign money come here, if, each year, our leading financiers and politicians attempt to create losses in the market value of the

very securities which they sold the year before, gilded with glowing promises? Were they deceiving investors then or now? We need only look to the wonderful development now taking place in Canada; two railroads building to the Pacific; railroad extension of all kinds; wonderful growth in population, alluring thousands of our people; new cities springing into existence; millions for investment pouring in,—and why? The Government is aiding railroads, guaranteeing interest on loans. It is easy to secure money for railroads when the Government is fair, and hence this great growth and the greatest era of prosperity Canada has ever known, side by side with fear and stagnation in this adjoining land.

OUR COUNTRY

OUR COUNTRY

WE live in a wonderful land, blessed as is no other, a land of wide extent and various climates. The Scandinavian or Teuton may find the Northwest suited to him; the Italian, the South. The soil varies so that nearly everything which can be grown is to be found in some part of the country. It yields all metals, and ranks second in the world in the production of gold, and first as to iron and steel. Our crops annually are valued at some eight billions of dollars.

The United States increases nearly one hundred and thirty thousand per month in population. If you should read in the paper that all the inhabitants of Holland and Belgium were to immigrate into the States in five years, it would make a great impression on your mind, yet our increase in population would in five years equal the population of those countries.

Our growth in numbers, in the last ten years, is equal to one-third the population of Great Britain. We are a mixed race, containing the best blood of all nations; that is, the young and vigorous come here.

We are not like some nations, finished; we are

in the making. Our inhabitants breathe an atmosphere of business activity. They are surrounded by new buildings, engaged in new enterprises, and trying to become accustomed to new inventions.

No one will talk to an idle man, so if you want to retire from business, you find you must go to Europe in order to talk to someone. Opportunities exist on every hand; we grow great trees; erect high buildings; build great railroads; have big panics and big booms; we make great mistakes quickly, and sometimes rectify them just as quickly. We are so engrossed in the fight for gold that we do not always give as much thought as we should to a matter before we act; we are impulsive, but in the long run, will be found on the right side.

There is endless chance for the investment of capital; for years, foreign money has poured in on us, yet we need more. Progress creates progress. There are good reasons why we need capital, a few of which I will mention. To keep this country on top, we must pay more attention to building up confidence, and less to "YAP." The word is perhaps vulgar, but I cannot find any other that better expresses my meaning.

"Yap" is talk, without truth back of it; "Yap," is shouting baleful ideas which you do not believe; it is the talk of politicians who are attempting to impress upon their hearers the idea that their lives are the essence of the ten commandments, when they know that they have broken nine and hopelessly cracked the tenth. "Yap" is the great asset of the bear raider, who is doing all in his power to destroy confidence in America and American investments, and has in view the lining of his own pockets with ill gotten gains. He is willing to say or do anything, in order to destroy any sacred structure in his way, if it will only add to his gains. Of late, "Yap" has had full swing, and while it has tried to sway our nation into wrong paths, it cannot mislead it forever. It will soon be recognized for what it is and then will have no more power than "the voiceless lisp of a gas leak."

The United States can furnish most attractive investments for foreign capital, if we do not scare it by destroying confidence in the nation. Foreign capital will buy our stocks and bonds in large blocks, and why not? All Europe sees the American; he fills the hotels; he furnishes sixty per cent. of all the first-class traffic on the rail-

road and steamship lines during the travel season; he buys with a liberal hand. Europe blesses him each season, when the travel tide is turned that way. The European sees the Americans in the light of a liberal and generous people; he knows the prosperity that American money brings to his shops, hotels, etc., and he will, in turn, invest his money with us, if we will build up national confidence. We need his money, and it will be a great error, if we see this capital diverted elsewhere, as is now the case.

Here are a few reasons why trade balances will be against us; first, owing to large home increase in population, in the next decade, the last cargo of wheat will have left our shores; we will need it all at home, and will be forced to import wheat from Canada and the Argentine. Second, the widening stream of Americans going abroad each year will continue to increase, year by year. It is now difficult to book steamship passage, during the travel season, in spite of the constantly increasing number of ships. This foreign travel sends abroad over three hundred million dollars each year. Our rich young women who marry foreign titles, carry abroad yearly, a sum that runs far into the millions. We will

export less and less cotton, for two reasons,—greater demand at home because of increased population, and increase in the production of cotton along the Nile and in Central Africa and India. All efforts possible in those countries are being made by English cotton manufacturers, in order to free the English market from the wildly fluctuating American cotton market.

Another adverse force to which little thought is given, is that millions of dollars are exported to the old-world homes of immigrants. Much money is taken abroad each year by Italians, who never expect to return. Any railroad contractor will tell you that the money paid to his Italian laborers (less that which is used for living expenses) is withdrawn from circulation; all the Italian saves, goes into his belt, and remains there until he returns to Italy.

An Italian stated to one of our shareholders, on one of the islands south of Italy:—"With four good chestnut trees furnishing my flour, and with four goats, I can live well, and support my family; so why longer remain in the United States, after earning money with which I can buy the trees and the goats?" This belief annually removes millions of dollars from our country.

— Such drains must be offset in either one of two ways; by increased sale of manufactured goods, or by sale of our securities.

We are not doing our duty toward capturing the trade of South America. We plaster it over with the Monroe Doctrine in words, but the English and German nations capture it with their trade. We hold the Monroe Doctrine in our dreams, while the foreigners get the business.

There is left to us the sale of our bonds and shares in the markets of the foreign world, as our interest rates are more attractive to the foreigner than to our own investors, money here being in such active demand.

THE ENGLISHMAN

THE ENGLISHMAN

*"Others may use the Ocean as their road;
Only the English make it their abode,—
Whose ready sails with every wind can fly
And covenant make with the inconstant sky."*

THE Englishman is the most successful colonizer and settler that the world has ever known. He governs one-fifth of it and rules over one-fourth of the population.

He thinks in continents.

English universities and her Church have impressed their mark on the world.

Wherever the English flag flies, investments are safe. Of chief importance, his Government is clean.

Everywhere he is the pioneer and his flag flies in every port of the world.

He lands in New Zealand, teaches the natives to plant and grind grain, and soon New Zealand is part of the Empire. He founds a convict colony at Botany Bay, adding a new continent to the realm. He founds the East India Company, wrests the trade of that Empire from the

Dutch and Portuguese, bringing home the wealth of India.

He develops, explores and colonizes Canada and the Northwest by founding the Hudson Bay Company, and the steel ribbon of his railway extends from Halifax to Vancouver.

He explores the wilds of Russia; penetrates Thibet, reaching the forbidden city of Lhasa; penetrates to within a hundred miles of the South Pole.

The Englishman marches into unexplored regions, makes terms with the native chief, and the flag of England flies over one more protectorate; the light of civilization arises from the earth that had reeked with the blood of victims captured in war; in after years, the son and grandson of this bloody chief study in English schools, to carry the seed of education to germinate in their old homes, there implanting the love of the English flag, and the progress for which it stands.

He fishes for pearls in India; grinds into paper pulp the spruce of Newfoundland; makes soap in Holland; erects packing houses in Uruguay and Paraguay; bottles waters in Germany and brews beer in Brazil.

The Englishman herds sheep in Australia and New Zealand; penetrates the forests of Brazil for rubber and plants it in Ceylon; plants cotton on the highlands of Central Africa; sails the Nile and reclaims its lost tracts of desert, to yield a thousand fold; grows tea in Ceylon and India, spans its torrents, and explores its fastnesses with rails of commerce.

He institutes banks in all new countries with branches in London, and his Bank of England fixes the discount rate for all the world.

The Englishman drills for oil in India, Russia, Persia, the States and Mexico; builds refineries and establishes steamship lines for carrying oil to all continents.

He digs for coal in China; mines nitrates in Peru; prospects for ore in Russia; delves in the mines of the Rand; redeems West Africa, and opens its treasure house of gold.

He builds great sewerage systems and docks in Mexico, wharves in Uruguay, and equips the cities of Argentine with trams and electric lights.

The Englishman harnesses the water-falls of Brazil and Mexico and furnishes electric light and power to their cities. He operates trams in Calcutta, constructs railroads in Turkey, and controls the Suez Canal.

He spans Tehuantepec, linking the Atlantic with the Pacific; owns the railroads of Peru; climbs the Andes and connects the Argentine with Chili; and realizing Cecil Rhodes' dream, runs a railway from Cape to Cairo.

Such is the Englishman; his word is his bond; he is square in his dealings. All he wants is his share. He is a sportsman, loving horses, cricket and football. Worcestershire sauce, evening dress, and Bass' ale follow the English flag.

He does not care for great wealth and knows when to retire, not to die in harness. He is the best friend in the world and, once you win his confidence, it is your fault if you do not keep it to the end.

He trades in every clime; he has been God's right hand agent in hastening the hands of progress.

Macaulay says:—"The history of England is the history of progress."

The numerous tongues disseminated after the fall of the Tower of Babel are being more and more unified, as English is becoming the language of the commercial world.

The Englishman has millions of money in our enterprises and is willing to invest more.

We speak his tongue; we inherit his daring.

England is for millions of us the home of our ancestors; we glory in this, but we need never imagine that New York may wrest from London its great power as the financial center of the world, unless New York adopts some of London's strict integrity in business.

Then and not till then, may New York achieve this world distinction.

MEXICAN OFFICIALS AS CONFIDENCE BUILDERS

MEXICAN OFFICIALS AS CONFIDENCE BUILDERS

MEXICAN officials have been most successful in building up national confidence. What great difficulties have been overcome there in the last thirty years! Thirty years ago there was scarcely any foreign money invested in Mexican securities, and now we find one billion five hundred million dollars foreign capital there placed and nowhere is foreign money more secure.

What a number of cases can be cited to illustrate this! I will mention two which have come under my personal observation. Eight years ago a branch railroad in Mexico was offered to me on favorable terms. A syndicate was ready to take it, if I could connect it with the Orient railway. To do that, I had to traverse part of the territory of the Mexican Central Railroad. I went to President Diaz, to ask him for the concession, little thinking of anything except the fact that this would be a very favorable railroad connection for us to make. I did the best in my

power to lay the case before him, in the light in which I saw it. He listened to me and then pointing on a map said thoughtfully, "Senor Stillwell, you do not wish this! To make your connection, you have to enter the Mexican Central territory, through a section where there is not very much business. You would hurt the Mexican Central Road, and would, perhaps, help your own road for the time being; but you cannot hurt any Mexican investment without injuring your own road in the long run. No, there is plenty of chance for investment of capital in Mexico, in sections that need development and where invested capital will not be hurt. Use your energy in those sections, but do not ask me for concessions that would in any way injure invested capital or make its burden greater."

This was a rebuke and the matter was dropped, yet very often in the past few years I have recalled the incident and wondered what our future would be if the people in power in the United States would so guard as a sacred trust, the interests of invested capital.

One more illustration! A trust company in the States had a large portion of its money locked up in bonds of a railroad in Central Mexico.

During one of the biennial panics to which the United States is subject, this company failed with five million dollars of these bonds as one of its assets; the Mexican Government at once guaranteed the bonds and the trust company was able to liquidate. Effort was not made to crush the investors and save a million for Mexico, but everything possible was done to prevent anyone losing on a Mexican investment. How different it would be in New York!

The Mexican Government bought control of the majority of the stock of the Mexican National Railway and with the support of the Government it was easy for the road to raise money. In addition to the backing of the Government, the road was fortunate, in having Mr. E. N. Brown, a railroad man of great and recognized ability as its president. The policy pursued by the management soon put the road in excellent shape, both physically and financially. Then the Government turned its attention to the Mexican Central, which had been at the end of its string for money, and purchased the controlling interest. It is my conviction that the Government took hold of the Central, not alone for the future of the road, but because President Diaz and Secretary Liman-

tour, one of the greatest living financiers, believed that Government intervention was the only thing that would avert a receivership. They were unwilling that such a disaster should overtake a prominent Mexican road and weaken the confidence of the investors of the world in Mexican investments.

Another reason for the assurance placed in Mexican investments by foreign investors, is the fact that the Government has bought control of a majority of the stock of sixty per cent. of the railroads of Mexico. This always will prevent injury to railway investors and is a wonderful tribute to the men at the head of the Mexican Government, that in so short a time, full confidence there has been established.

I have had the pleasure of personally introducing over fourteen hundred American and English business men to President Diaz, Vice-President Corral and Secretary Creel, and have noted with gratification the favorable impression these officials made on my friends.

I rejoice that it has fallen to my lot to aid in cementing a friendship between the United States and Mexico and to help develop, in a small way, the resources of that wonderful country, which

has no politician hoping to achieve power by the destruction of investments and confidence. In Mexico bear raids and short selling are unknown. The Mexican President is a wise business man. I believe that few men ever walked the earth, who possessed the business sense, high honor and remarkable judgment and foresight of President Diaz.

If people of the United States would elect as President a great business man, such as the late Marshall Field, or Andrew Carnegie, I think it would be found that such a business mind would be a valuable asset to the nation. Why do we not elect a business man to the Presidency?

**ON WHICH SIDE OF THE FENCE IS
THE WATER?**



ON WHICH SIDE OF THE FENCE IS THE WATER?

ONE of the favorite remarks of those who want to fight the railroads is:—"We must squeeze the water out of the railroads, so that they will not pay dividends on it!" We will admit for argument's sake that there is water in the railroads. Who wants to build railroads for the fun of the thing? There are two classes of people; optimistic and pessimistic; one sees the doughnut, the other sees the hole. Without the blessings conferred by the optimist, the dear old pessimist would never have any place on earth in which to invest his money, since he never creates anything; he only buys what the optimist has created, meanwhile finding fault with every new work that the optimist undertakes.

Now let us analyze the water in the railroads and see if it is not deeper outside, than inside the railroad's right-of-way. It seems thus to me.

Note the Kansas City Southern which I built. It is 800 miles long. It opened up sections of country, where previously you could not give

the land away. Cities sprang up, which, during ten years, have acquired a population of eight or ten thousand and assessed values of millions. The great coal belt, south of Fort Smith, was opened up; miles of long and short leaf pine territory were brought into the market. This land was sold for two dollars per acre before the road went through; now it is sold for five dollars per thousand stumpage,—or fifty to seventy-five dollars per acre. Over a hundred mills now cut lumber in this territory. Thousands have found occupation, where before there was no business at all, through at least five hundred miles of this territory. Two great oil fields have been developed by the railroad. The coal lands are now worth at least one thousand dollars per acre; to this we must add increased value of the oil and timber lands. Then there is the great mineral belt south of Joplin! Note the value of town lots, where towns did not previously exist!

There is a strip of land, thirty miles wide, on each side of the railroad, where the average increase in values has been fourfold. The coal and oil and the townsites add to this increase, which I have no doubt will reach forty dollars per acre. There are in this strip forty-eight thousand

square miles or thirty million seven hundred and twenty thousand acres. If it has increased in value say but twenty dollars per acre, the gain is six hundred and fourteen million four hundred thousand dollars; all this brought to the public by a railroad *built by optimists*. The railroad created these new values while the owners slept!

Now suppose the railroad builders, in time, make, through their judgment, fifty million or seventy-five million dollars above the cost of the road; do not capitalists who have had the nerve to bring such increased prosperity to this territory, deserve credit, reward and profit?

Is it selfish if the railroad builders ask that they shall be rewarded with one-twelfth of what they have made for others? Capital needs encouragement.

If you want to squeeze the water out of the railroads, do you also want to squeeze it out of the land values? If it is not fair for railroads to prosper, it is not fair that land values (which the roads have created,) shall increase. It is not fair to deny the creator of those values unless we deny the created.

What a howl would go up from owners of land in this, or in any new railroad's territory, if the

Interstate Commerce Commission, or the State Railroad Commission, were to fix the price at which land could be sold! The increased real estate values were made through the courageous investment of capital which built the road.

Consider the good fortune conferred by the Union Pacific in opening up the mining sections of the West, adding millions of gold production from mines which never could have produced before the advent of the road.

"Yes, there is "water," (if you call increased value, "water"), in our railroads,—and thank God for it! It was the prospect of this increased value which made possible the creation of railroads. But rest assured; that the "water" added to the value of the adjoining lands, (we will call the increase in land values, "water," for it is as fair in the one case as in the other), is twelve times the amount of the water in the railroad securities! No objection is raised by land owners along the railroad, whose properties have been increased in value by the building of the railroad. Is not the water deeper on the outside than inside of the railroad's right-of-way?

I will cite another benefit derived from the building of the Kansas City Southern. The ad-

vent of the road enabled fifty thousand people to find employment in mills, forests, stores, etc. The average wage of each laborer is two dollars per diem; here is one hundred thousand dollars a day, increase in the earning capacity of American men. This is thirty million dollars per annum. Consider the benefit, conferred on all business, in the creation of such an addition to the earning power of labor. At least two hundred million dollars found safe investment in this territory. The railroad made Kansas City a great grain market and a great lumber market. This one railroad has increased the value of land six hundred and fourteen million four hundred thousand dollars; gives employment to labor to the extent of thirty million dollars per annum; presents opportunity for the investment of two hundred million dollars, in local industries, mines, and stores.

Do not the creators of such colossal values deserve "water," if that is the proper name for profit? Does this railroad not deserve ample returns and abundant profits from the people it serves?

In England, men who created such properties for the upbuilding of the nation would be honored.

In the United States, however, the promoters and builders are hounded. Tricks of all kinds are tried, and dishonest methods employed, in attempts to wrest the property from them; methods which would make Judas Iscariot look like an archangel and put the forty thieves, with halos among the saints.

Have not merchants, manufacturers and bankers seen "water" come into their own business? You are, we will say, a wholesale merchant. Your business, stock and store have a value of one million dollars, which is the asset value; you earn and pay dividends on two million dollars, considering your established trade and good name the additional million,—and you would not sell out for less. Is this extra million "water"? If it is fair to earn dividends on this "water," is it not fair also for the holders of railroad stocks to earn on the "water" in their road?

Men who take financial risks are entitled to profit! If all the railroad bonds and shares were guaranteed by the state or the nation, it would be very different. Railroads assume great risks,—of crop failures, damage by storms, etc. Fair treatment and just rates are the necessary requisites to attract investors, now sorely needed for development of this expanding country.

**WHERE IS THE WATER IN THE
GREAT NORTHERN?**



WHERE IS THE WATER IN THE GREAT NORTHERN?

THE Great Northern Railroad has some seven thousand miles of track. This was the creative work of James J. Hill: his energy, his foresight, and his alone, built this road. He was laughed at, as I was when building the Kansas City Southern,—pronounced a dreamer, and the territory the road was to open was called a desert.

The railroad men of his section said: "Wait until ties must be renewed and then see where he will be"! But Mr. Hill, like all men whom destiny has chosen for such work, could see the end, though no one else foresaw! It was the prophetic vision of James J. Hill, (withheld from others), which enabled him to keep up the fight, midst crop failures, panics, slander,—and yet live, striving to give service to the world.

James J. Hill, in building the Great Northern, was positive that his message of prosperity and beneficence was to be delivered at the Pacific Coast. He carried the message to Garcia! And

what a message it was, written on the grouching characters of steel! What a blessing it was that wonderful, unoccupied country! (It sprang up; millions of acres responded to the call of the plow! Aladdin's lamp never produced so wonderful a vision as this reality,—million homes, great waving fields of grain! (The trees, that for centuries had resisted all stress of seasons, and all foes, became the subjects of this King of Commerce. Can you not see the picture? What benefits Hill conferred on the nation! It was not a distant, intangible, protectorate; not like the Philippines—over seas! Here was an empire, within, yet added to our own sleeping country! Let us admit, that what Hill had done, some one else might accomplish at a later day; but Hill was ten years in advance of the times. Figures are cold, and words are weak to tell the story. What a gift this was from one empire builder!

The human mind scarcely can comprehend all the benefits conferred through the building of the Great Northern, but let us try to enumerate some of these.

The Great Northern has seven thousand miles of track. Figure that two thousand miles of this

territory would have been developed by other railroads, so in only five thousand miles of the seven thousand is development credit strictly due to Mr. Hill's enterprise.

Figure that the Great Northern has increased land values but twenty dollars per acre in five thousand miles of its territory. We will say that land for only fifty miles on either side of the track was increased in value. I am convinced, considering increased values of all the cities and towns brought into being by this road, and the value of all the minerals and timber contained, this increase should be estimated at double or treble the above figure. To be conservative we will only put the increase at twenty dollars per acre.

Here is a section of land, five thousand by one hundred miles, tributary to the Great Northern, and in this territory are five hundred thousand square miles or three hundred and twenty million acres. Figure that this has increased twenty dollars per acre in market value, since the advent of the road; the increase would then amount to six billion four hundred million dollars of wealth, developed in the country by the untiring work and energy of James J. Hill.

Estimate that Mr. Hill was only ten years in advance of others in creating these values, and we will not credit all the development to him; we will only credit him with six per cent. simple interest on these created values, for this ten-year period,—which amounts to three billion eight hundred and forty million dollars. Bear in mind that this is just the interest for ten years, on what Hill created in property and land values, in but five thousand of the seven thousand miles of trackage.

If you earn sixty dollars a year you receive the same increase as does a man investing one thousand dollars at six per cent. Income is the annual revenue from your time or from your invested money.

Consider the wide territory awakened by the Great Northern Railroad; the mines, cities, farms and ocean commerce,—developed by Hill and his Great Northern.

At least five hundred thousand people found employment at good wages, by reason of this one man's energy. If each only earns two dollars a day, this is increased income for employed labor, amounting to one million dollars a day; or for three hundred days, three hundred million dollars annually. This is six per cent. interest

on five billion dollars. In other words, through Hill's work, United States labor was able to earn as much additional money as capital could earn by the sound investment of five billion dollars.

It staggers the human mind to think that one railroad, built by one man, could bring such help to a nation.

Men from all corners of Europe swelled the population of the United States; they emigrated from Germany, France, Sweden, Norway, England, Austria; brought their families, earned good wage,—spent it here!

What did these increased earnings of labor do for our wholesale and retail trade? They secured better returns for building material and for manufactured goods.

Hill increased land values at least six billion four hundred thousand dollars and the annual value of labor three hundred million dollars annually.

I have noted two of the many benefits conferred by the Great Northern; increased land values and increased income for labor.

The third benefit is, opportunity offered for the safe investment of foreign and domestic capital in new industries.

The wealth of England, France, Holland seeks investment in foreign lands. Their territory is fully improved and therefore their idle money must find investment in undeveloped countries. What opportunities the vast empire of the Great Northern offered for the investment of foreign funds in the United States! At once it witnessed the building of great elevators and mills at Minneapolis and St. Paul; the opening of gold, silver, and copper mines; construction of smelters, electric light and water plants; hundreds of towns sprang up; the cities of Spokane, Seattle, and Tacoma were built.

These creations surely may be valued at from six to ten billions of dollars.

Therefore we must acknowledge that through Mr. Hill's construction of the Great Northern Railway, the Northwest has received first; an increase in land values amounting to six billion four hundred thousand dollars; second,—larger annual payrolls for all labor along Great Northern territory, three hundred million dollars; third,—investment opportunities in that region for six billion dollars.

If we suppose that the total, two hundred and ten million dollars of Great Northern stock is

purely water, (which it assuredly is *not*), is it a reward any too great for the venturous stockholders of the Hill railroad?

If the two hundred and ten million dollars of Great Northern stock be all regarded as water, (or increased value), its par value is less than one-twenty-fifth of the increased values (or water) of the territory served by the road.

Now, on what side of the fence is the water,—on the inside or the outside?

Is it possible that any one can think for a moment that the Great Northern stockholders benefited, comparably, with others who profited by the opening up of this region?

Where is the justice in forcing a man like Hill to beg for fair play from the American people?

I wish to ask the reader:—Are you perfectly willing to face loss of business and money? If so, then, perhaps, you may witness injustice to the railroads with equanimity.

But, if you desire to have your own business prosper; if you wish to see our land develop, during your lifetime; know and work to the end that the railroads shall be allowed increased traffic rates,—in keeping with advances along all other lines of commercial enterprise and development in the United States.

Then will other empire builders be encouraged to follow Hill's example, striving for the upbuilding of our nation.

Let us not begrudge builders of American railroads commensurate returns from their investments when, in ninety cases out of a hundred, men like Hill, have made twenty-five times as much money for people *outside* the right of way, than has been made for the *inside* stockholders!

AMERICAN WOLVES

AMERICAN WOLVES

EVERY few years the commerce and prosperity of our country have been forced to pay tribute to the bear leaders.

Pirates of the North African coast, in the fifties, demanded from the United States a tribute so small, as compared to the demands and exactions of these bear raiders, that it makes the African pirates of old, seem meek as Sunday School teachers. In each bear attack, we see some leading man mangled on the financial rack. While the victim's fingers are not pulled out, as was the method of the Spanish inquisition; and while the torture chamber is not now in some dark dungeon, but in beautifully equipped and furnished offices, the torture is just as great.

A man may have fair financial standing. He perhaps thinks he has the confidence and respect of leading interests. He imagines he may escape the cough-up-quick methods of the street. No doubt he is a director of banks or trust companies. He has been requested to carry his account in this or that bank or trust company; he has been

given unlimited credit at the brokers; but the day comes when the bears,—or, in truth, *wolves*—“need his money”; these wolves may have been associated with him and he thinks they will play fair. Like Russian wolves, financial raiders do not discriminate while picking their victims.

The time comes for the victim to disgorge a million or two because he believed in his wolfish chums. These wolves have friends in many banks and can find out just where his loans are, nearly all being “on demand.” In twenty-four hours they size up what bear pressure he can stand; they know his assets, almost to a cent.

The play begins. They sell short, three or four thousand shares of his favorite stocks. The banks call for more collateral and he complies. Next, three or four thousand shares more are dumped on the market and the man they are after is the principal supporter of these stocks; he is now on the run! Therefore, the market is not protected in these stocks. Gossip is started that Mr. Victim is in a tight place. This stops all buying of his favorite stocks, since a greater slump is feared because he is reported weak. Suddenly more shares are sold at a five point drop. More collateral is demanded which he cannot now

give, and this is known at once at the seat of war. His bank loans are called; cash and collateral gone,—excepting a package of “cats and dogs” that the bankers will not accept. One more raid on prices; a little more bear talk and the victim, recognizing the pursuers, disgorges to the wolf-pack anywhere from a quarter to a half of his life savings. Then the market rebounds and the papers mention how the day was saved. The curtain falls!

It was a put-up job from start to finish. If he had been a big fish, a panic might have resulted affecting all interests. Confidence is shaken! Millions of dollars are lost; our people are made to suffer; business is retarded; and we are damned in the eyes of the world.

Why is it that a man, on the slightest provocation, will whoop it up for the Stars and Stripes, singing:—“My country, ’tis of thee,” will fight in the Spanish War, and allow his son to join the Society for the Prevention of Cruelty to Animals; will contribute to the Ice Fund and other charities; will do all in his power, (as he thinks), for humanity’s sake; will weep great tears over the Armenian massacres; and then, forsaking all good promptings, will perversely degenerate to

engineer a bear raid? Raiders are willing to attack a great American, and ruin an enterprise which probably represented years of suffering and labor in the building. The money wolf may bring down in the wreck a bank or trust company just for a little gold. And while doing this wrecking, dares to think he is a patriot, and considers himself a Christian or an orthodox Jew, yet feels no more compunction when shooting holes in the ten commandments than he experiences while smashing clay pigeons.

What is the good of money secured in this way and who can be sodden enough to want it?

A man once prominent in business and whose name was daily in the papers, a few years ago made the remark to me:—"I am out for the stuff and I will get it some way—any way; people know that is my game, but I am the smarter and will win."

I have watched that man and it is true that he has won money, but he has no friendly associates. It is true that he has a brilliant mind, yet he has not won a respected position in the business world. He can secure all that money can buy; he can weigh out his gold for lands, pictures, houses and automobiles, but he cannot purchase desira-

ble friends; he cannot buy respectable standing in the business world. If his name were now connected with any great business enterprise it would damn it from the start.

I wonder if he realizes, as the shadows of the great unknown sweep over him, that he cannot push them back; that he will soon be swept into the great hereafter, for which he cared so little in the years gone by. When he is alone in the twilight of his earthly life, and sees the night approaching, will all his millions take the vile taste from his mouth, when he thinks of the nasty tricks which won the gold? Then, surely, he would gladly give half of all his possessions in exchange for his sacrificed character and manhood.

“GRABITIS”

“GRABITIS”

ONE of the greatest faults of the American people may be termed, for want of a better word, “Grabitis,” meaning that trait of grabbing, the “grab disease,” which has of late had full sway in the United States.

It is grab, grab all the time until death calls the game. Suppose you do accumulate one hundred and sixty million dollars, or sixteen million dollars, or even six hundred thousand dollars. Is this not enough to take the energy out of any young man who inherits it?

While you were accumulating this wealth in what a mad rush you were living! What pleasure did you get out of life? Your family and children obtained only a cinemetographic view of you; with your clubs, your meetings, your wife had only a hazy idea that she had a husband, and by keeping a photograph of you in each room, retained a fairly accurate idea of your appearance.

You acquired the C. & F. Railroad; then you bought the majority of the stock of the L. F.

& W. and froze out a minority of the stockholders, by passing the dividends and pretending that you were upbuilding the road; at last you forced them out, or nearly, for a small price. When your squeeze was finished, you started dividends by a well-arranged pool, pushed the stock up to nearly par, from about forty; this made for you perhaps four million dollars, which was one-half fair business dealings, and half, plain highway robbery. Perhaps it is not just to cast such a slur on the highway robbers; they were brave men and took their lives in their hands; you were a sneak and sandbagged the minority in a way they could not resent. But this four million dollars enabled you to buy a large interest in the P. M. & F. Railroad; you are elected on the directorate; why in thunder you wanted this, God only knows! but the "Grabitis" possessed you and you grabbed. By this time you were elected to boards of twenty bank and trust companies, not for the benefit that you conferred upon the stockholders, but because you thought that, as a director, you could borrow more with less chance of being "called" in case you got into a hole. You soon were director in such a lot of banks and trust companies that you needed a secretary to tell you when the meetings

occurred, and you nearly required roller skates on which to glide around from one meeting to another, in time to pocket the ten or twenty dollar fees. By coming in late, you attracted attention and it appeared to your fellow directors that you were in demand, and that it was an honor for them to be on the same boards with you. Every time there was a money squeeze you were just two points ahead of "a fit," since your assets were spread out thin as molasses in fly time.

Doubtless you worked hard and now and then had to take a cocktail and a few whiskeys to keep up the pace, but you had "grabitis" and you could not stop to rest; you were a human steam-roller, and like adverse Fate, crushed those in your path. Then came a year when things looked blue; you took a house at Newport for the season, in order to bluff your banks, and you rushed through the year, not once breaking a cog of the wheel of your plans.

Next, stocks were depressed! You tried to grab one more railroad, but someone with a "grabitis" case eclipsing yours, got ahead of you; it worried you; you felt the loss of prestige; you slept poorly; took more whiskey and soda, etc. Soon there came a day when a string in your

makeup snapped; you staid around the house and sent word that you were feeling fine, but would take a month or two of rest; in a week or so all the strings were snapping and it was all over.

In twenty years not a person on earth excepting son or daughter will ever know that you existed; they will now and then point to your picture and say "That was father—he was a wonder in his day!"

Is it worth it? You were merely a human cash register; just a machine in which to drop dollars to be added up correctly.

ARE YOU A LION OR A ZEBRA?



ARE YOU A LION OR A ZEBRA?

RECENTLY, while reading Ex-President Roosevelt's vivid description of an African plain, alive with wild animals,—zebras, giraffes, wild cats, and lions,—to me it seemed a picture of human life. Side by side were animals which live only by devouring each other (like the lion, the panther, and the wild cat), while near-by, the zebra grazed, and the stately giraffe ate young foliage, and I could not but think this picture represented men of the financial world.

In this country there are men who are creating, building up, making two blades of grass grow where before was only one; using only clean methods, seeing visions of the blessings their work will confer on man, and content with the thought that if they reap no financial benefit, there is a reward which comes alone from pure living; and an appreciation that money is not the greatest thing in the world. These men may be likened to zebras and giraffes,—living on grass and leaves, and harming none. Again there are men who may be likened unto carnivorous ani-

mals, hungrily waiting to find a man weak enough for them to fall upon and devour. Such men live only that they may destroy the weak, and they call it "business," and use phrases such as "we will twist his tail," "we have him on the run," and "we will freeze him out in less than a year." Tricks, deceits, slander, are their favorite weapons, and how they remind one of the panther, silently stalking prey, surprising and destroying his victim!

I am reminded of a man who came into my office, with a scheme to force to the wall two electric light plants of a small town. He began by asking if I wanted to be let in on a good deal. I said:—"Go ahead!"

It seemed that a certain western man owned one of these electric plants, but the company had never been a financial success. A rival had cut prices; competition was too great! He was "extended," and had loans at two local banks, only keeping up the interest. The bankers respected the man, for he was one of the leading men, who for years had fought against adverse circumstances, and would not "force him to the wall." They were willing to sell his paper to others, for banks had been warned by the Comptroller to get

rid of it as soon as possible. My visitor knew the total of the debts, and what it would cost to buy them. The rival plant was owned by nearly a hundred bond and share holders, "half of them women," he said, "who did not know anything about business!" The plant in question had more modern machinery, and cost less than the other, he continued, but at the rates prevailing, could pay only the interest and not keep up the plant.

My visitor's scheme was to buy from the bank the paper of this man who owned the first plant; sell him out; get a judgment; and then, he said, this would give us the plant, and a judgment for \$100,000. The man would have to sacrifice his home, which would make him a pauper! Then, with this acquired, we could reduce electric light rates one-half, and figure on intentionally dropping twenty-five thousand dollars during the year. This would mean, he said, "quick death to the other plant"; it would "force them to the wall," and we could buy them out at foreclosure sale for half, since, he said, "the old women would not know how to protect themselves!" We might then consolidate the two plants; he could push a franchise through the Council for fifteen thousand dollars; then we could put up the

rates and make five hundred thousand dollars by this fine deal.

I listened to his scheme of highway robbery, and as he mentioned the possible profit, I could imagine the saliva foaming at his mouth; like a caged lion viewing the keeper offering a chunk of meat dripping with red blood!

If there is anything in the Asian creed of reincarnation it would seem my visitor, centuries past, must have been a pirate at "the top of his trade," and I fancied him then, red-shirted and with knife in teeth, climbing over the poop deck of some brig he hoped to scuttle.

After my tempter finished his offering, I said: "Where does the man live, whom we are to put out of the way?" He answered:—"In a fine house on one of the leading avenues." I asked:—"Is the street well-lighted and policed?" He did not know, and looked puzzled.

I enquired:—"Is this man all that we have standing in our way?"

He replied:—"Yes!"

Then I said:—"I hate to torture him, and take his all. It will be better to kill him, and put him out of his misery. If consulted he would prefer this, for I'm sure his has been a hard struggle.

What's the matter with our breaking into his house, and smashing him over the head with a sandbag? It will be quicker, and he will not suffer so much, as by your plan."

I never will forget the expression on his face as he rushed out, not understanding why I was such a lunatic as to turn down his offer, but it did not appeal to me. I was a zebra, and lived on grass.

OUR FINANCIAL APACHES

OUR FINANCIAL APACHES

THE following articles from French journals show the feeling in that republic, (which saves and invests more millions than any nation of its size,) regarding American financial methods.

“Les Temps,” leading journal of France, says: “What would be the effect if our markets were officially open to leading American securities? What would have been the result to French investors if the effort to introduce Steel Common on the Paris Bourse had succeeded? In one year this security has dropped from ninety-five to sixty-two. The less that we have to do with American finance, as far as speculative securities are concerned, the greater will be our chance for escaping its fatal influence. We are not strong enough to meet such unscrupulous gamblers, whose ideas of business morality are totally different from ours, and who regard the pursuit of other people’s money as the noblest existing sport.”

“Le Journal des Debats,” Paris, a very con-

servative paper, says: "People are asking themselves whether Americans are not displaying foolishness, as usual, in continuing their financial machinations,—in their fondness for strangling competition,—which is likely to furnish weapons against the trusts. It must also be admitted that the spectacle of their combats, in which the unfortunate shareholders receive the worst blows struck by the belligerents, is not calculated to favor the admission of American securities on the markets of Europe."

You may read in other French papers that our brilliant lights in the financial world really are "Apaches."

The appearance of such articles in leading foreign papers does not tend to make the placing of American bonds and shares an easy matter, and sales of one hundred and thirty million dollars of our bonds were cancelled in France, I understand, during last June and July. If an advance in railroad rates were allowed, and no injunction granted, these proposed sales would have been made. The granting of the injunction not only worked to prevent these sales, but was used in that masterly way which Wall Street understands,—that the slightest suspicion regard-

ing the future trend of the market should force the selling of stocks.

Wall Street knows well that the rapid falling of values weakens bonds and shares all over the United States. The public thinks something panicky is going to happen; it knows not what, so shares are immediately dumped on the market.

Those who engineer bear raids fully understand the solid worth of United States Steel; they understand that it, if any stock, is worth par; that it has earned on the common stock eight per cent. per annum, since incorporation. Wall Street did all in its power to publish these important facts when the stock was distributed at high prices. Now, it wants it back, and the poor investor, who was ten years screwing up his courage to buy it, now drops Steel, pocketing a loss, and goes back to the wood pile to saw more wood.

He had the money to invest, and advisedly bought Steel stock, but the rapid fall in quotations took his breath away; he could not stand seeing his money melt, and sacrificed it. His stock was a safe and sound investment, in a strong company with splendid management, and most promising future. I consider the creation of the

United States Steel Corporation as the masterpiece of J. P. Morgan's life. Its reserves of coal and ore alone will make its stock some day worth two hundred dollars per share; and its foresight in building the new plant at Gary, Indiana, makes it an ideal investment.

Its future is bright as that of the United States. But its value must be made to fall from ninety-five to sixty-four, not from any weakness of the company, not from lack of promise.

A score of raiders, understanding human nature, its fears and moods, play with investors, and at will make the financial refrain one of sorrow or joy. The market falls or rises at their will, and no organist more completely masters his instrument, than does this lot of raiders, working all stops of the organ of speculation. Their power to exact the pound of flesh, would make a pawnbroker green with envy, and induce Captain Kidd to turn over in his grave,—wishing that he was now on earth, to join the piratical crew.

French journals dub such raiders "Apaches"! Since we have captured the Apache Indians of Arizona, and removed them to a Florida reservation, why not capture the Apaches of New York, and put them also in limbo? Western Apaches

in sixty days never destroyed values of hundreds of millions; they burned a few farm houses occasionally; yet our government pursued and wiped them out.

When abroad, it makes one's blood boil to hear his countrymen so characterized; for you know that business morals of average members of the New York Stock Exchange will compare favorably with those of the members of any exchange in the world.

It disgusts you to see your countrymen severely criticised,—knowing that a handful of skillful and unscrupulous raiders create this national disrepute. It was an awful mistake that raiders were freely furnished with weapons for their attacks on values and credits. Their weapons were shaped from the fact that railroads were not allowed advanced rates permitting them to share in general prosperity, experienced by all other lines of American trade and commerce.

STATE CONTRACTS

STATE CONTRACTS

IT is a fact which few business men or labor leaders understand, that there can be no prosperity in the United States, if the railroads are not successful. Liberal traffic rates will make the nation prosper. The railroad is the mainspring of the nation's business. Hundreds of thousands of railroad employees distribute thousands of millions of dollars to merchants and manufacturers,—annually.

Contrary to public opinion, when traffic rates are reduced and railroads starved, the people cannot prosper and all industries languish.

You may not have a bond or a share in any railroad; you may never know any one who ever owned a bond or a share; you may live in a small town where no one ever invested in railroad bonds or shares; you may applaud when some politician vociferates that he will force railroads to reduce rates, and you think that this politician is a friend of the people.

Let me illustrate how remote conditions affect us! In 1903 a young man seeking a bookkeeper's

position came into my office. I rather liked his looks, and asked him how he had lost his last place, recalling that he had been bookkeeper for a Topeka Water Company. He said: "By reason of the great crop failure of 1900 in Argentine." I replied: "How in Heaven's name could the crop failure in Argentine force you out of a position in Topeka?" The answer was: "The Barings were large stockholders in the Topeka Water Company; the crop failure in the Argentine caused the Barings to fail, and the Superintendent of the Water Works thought it would please the owners if expenses were reduced, so he let out five of the employees." This will serve to illustrate how remote causes affect people at long range.

Now we will see that starvation of the railroads affects merchants in far distant towns.

First, there is no way in which any three important railroads in the United States may be forced into receiver's hands, without bringing panic. Even the suggestion of such a possibility has created great fear all over the country.

Start fear in the minds of men, and all business is restricted; the New York banks call in their loans; then the Chicago banks do likewise.

This fear widens until it reaches the far town, in which lives a man who "damns" the railroads. He goes to the bank for a loan, or he is a stockholder in the bank, and cannot sell the stock, for a few banks have just failed, and no one wants stock in banks during panicky times. He is, perhaps, in pressing need of money, and cannot raise it, for confidence in the railroads has been destroyed; his banker is full of fear, and refuses to make any more loans; in fact, all the United States is filled with fear, and business is restricted.

Stagnation for invested capital spells stagnation for all business. The value of bonds and shares has depreciated, millions upon millions. Every business man feels the squeeze; manufacturers shorten the hours of labor.

Some person in power, thinking that he is complying with the wishes of the people (and perhaps the wish of the President of the United States), suggests restraining action which will reduce railroad revenues; the bear raiders immediately exaggerate the idea to suit their harmful purpose; and all the wheels of progress begin to slow down.

Everyone in the United States feels the evil effects. Yet, at the very same time many people

and journals are applauding a political idea or bill which means death to business for the next twelve months.

This will some day be understood, and then no politician will dare to attempt to interfere with American railroads,—the life of American business and prosperity!

While considering this subject, I wish to commend the safety of railroad investments in Mexico, and the different methods there employed to safeguard them. If you make up your mind to build a railroad in Mexico, you go to the Government, and it gives you a concession for ninety-nine years. In that concession, the Government states the maximum rates which you may charge for freight and passenger business for ninety-nine years. You understand at once what charges are possible, and you figure out whether it is enough to warrant building your road. You know that the Mexican Government will not hereafter interfere with these stable traffic rates.

The effect of a railroad commission, acting as operators of a railroad, forcing high officials to do office-boy's work, is not fair or helpful. Doubtless, the Railroad Commissioner has no money invested in the Railroad construction or

operation. Perhaps no resident in the State has such interest.

The State does not guarantee that the traffic rates made by the Commissioners will even pay one per cent. on the railroad investment.

But, if the State would grant a railroad a fixed maximum traffic rate, to be in effect for thirty years, then the Commissioner and the State would be acting fairly and justly. The railroad could then make contracts and live up to them.

It is eminently unfair that railroad officials shall be forced to turn over the conduct of their business to men, or commissioners, or States, which, while making traffic rates, assume no responsibility for securing just returns, or fair interest on money invested.

Suppose that jewelry shops were directed and run by a Railroad or similar Commission. Tiffany builds and stocks a great store, and when its doors are open for trade, he is compelled to turn it over to a State Railroad Commission. He is allowed a desk in his store, and the Commission proceeds to fix prices on watches and rings.

But the Commission was put in power by the people, and must serve the dear people. Poor Tiffany has nothing to say. The Commission

names the hour for opening and closing the store—which must close on Saturday. But the employees' wages are paid with Tiffany's money!

The Commission marks thirty-dollar watches down to twenty, because the voters who elected the Commission need cheap watches,—at less than cost; but never mind, it's Tiffany's money, and he must profit by other sales.

So long as railroads are forced to transport live stock at less than cost, it is just as fair that the watches be sold at less than cost! The Commission so argues, because it is given power to act, not by Tiffany, but by the people, and the sacred trust must be executed as the people wish. Quite right is the Commission to exercise its authority!

I suggest that if States gave to new railroads thirty-year traffic contracts (as does Mexico), setting forth exactly what traffic charges may be made, capital would know what could be relied upon as to earnings on each classification of freight and passenger service.

No other business could stand the changeable conditions now imposed upon railroads.

If a state allows its cities authority to grant thirty-year franchises to street cars, with fixed

rates (these are also accorded to electric light and power plants), why is it not considered fair that railways may also contract for fixed rates, before beginning their construction in a State?

If capital would refuse to build more railroads until fixed rates are established by law, following the examples set by gas and electric companies, and street car lines, the various states would soon meet the required conditions.

I have built a great many miles of railroad in the eastern part of Texas. I built the Kansas City Southern; I founded one of its sea-ports, Port Arthur. I built the Port Arthur ship canal, and am interested now in building the Kansas City, Mexico and Orient railroad in the western part of Texas, together with large irrigation works.

So it can be said that I am a friend of Texas. And why not? It is an empire in itself, and no one can foretell its future.

Texas leads every state in our Union as to value of agricultural products. It needs railroads.

Capital does not now think Texas friendly to railroads, and the feeling may not easily be overcome. It would be well for Texas to adopt the

Mexican plan, and make contracts with the railroads, with fixed rates; not, as does Mexico, for ninety-nine years, but, perhaps, for thirty years. Should the State make fair terms, Texas would experience a boom in railroad building which would there advance the hands of time for ten years, create new cities, and bring in millions and millions of added wealth. The statesman who should inaugurate this policy would become in the minds of the residents, more helpful than any man who ever lived in the Lone Star land.

Of tremendous aid in developing Texas was the building by B. F. Yoakum of the St. Louis, Brownsville and Mexican Railway, opening the Southern Gulf Coast region, and bringing millions of dollars within her borders.

If Texas would grant existing railroads better rates, this would bring great good to the State. I know that Texas traffic rates are too low, and a slight advance would attract millions to Texas, and secure the building of new railroads.

As these observations are made, the Dallas "News" comes to me, and contains an extract from a speech by the Honorable Oscar B. Colquitt, Democratic nominee for the Governorship of Texas.

This conveys hope that Texas is awakening to beckoning Opportunity. I long to see Texas,—largest state and richest as to wealth of varied natural resources,—win the possible rank of first American commonwealth as to population, since she now stands first in our Union as to agricultural production.

Texas has but to give fairer rates to existing and new railroads to become the ranking state as to population, and political power and wealth. Long have I labored to upbuild Texas, and I fully appreciate her needs and wonderful resources.

Mr. Colquitt gives me great hope. All the country should hear his recent utterances: "My message to the legislature will recommend no statute that will frighten any capital, or jeopardize investment of honest money! Let us have no more radicalism, because Texas has enough to rest on for a season!"

Indeed, these are tidings of joy!

Most people understand that you cannot put an eight-inch stream of water through a two-inch pipe. It is estimated that the United States has grown fifteen million in population during the last ten years, and in the next ten years the

growth will no doubt be twenty million, about twenty-five per cent. increase, in a decade.

Under existing conditions, there is no way in which money can be found for railroad development in order to keep step with this increase. Yet, railroad building must keep pace with the growth of population, or we will be attempting to put an eight-inch stream through a two-inch pipe. Some day, an awakening to the sense of lost opportunities will be rude and severe!

The last nine years of financial unrest in the railroad world; the depressions of 1903, 1907 and 1908; advanced costs of material and labor;—have so combined to threaten the railroad builder, that he has rested on anything but a bed of roses.

THE CORPORATION COURT



THE CORPORATION COURT

THANKS to President Taft we now have a Commerce Court, which will aid railroads by securing early hearings.

I believe that the establishment of another most useful tribunal, a Corporation Court, would be generally welcomed.

Our nation is now nearly paralyzed, while awaiting the Supreme Court's decision in the Standard Oil and American Tobacco Company cases, and until these judgments are handed down there will be no great prosperity.

Of late, we have been told,—and it has appeared in the English journals,—that legal steps will be taken against the United States Steel Corporation for being a monopolistic trust.

Like reports are heard abroad and appear in foreign journals every time there is an American bear raid. Investors have felt “jumpy” of late, frightened by stories of legal procedures and panics, and these have sorely affected values.

The United States Steel Corporation is one of the best organized companies in the world. It

has great assets, but it is not a monopoly and does not intend to become such. I believe that the desire of its directors is fully to comply with the law.


I believe there is no truth in these published reports. But there seems to be no way in which they may be conclusively denied. The Steel Company cannot well do this, and the Government has not manifested any intention of so doing.

I believe the Standard Oil Company, and the American Tobacco Company, if they really understood the law, (which nobody seems to do), would at once shape their course to comply with its every letter.

It is not the purport of these remarks to discuss what above companies' attempts and acts have been, in the past, but I fully believe that they now desire strictly to abide by the law.

A general state of uncertainty, during the next few months, will cost the United States untold millions by retarding progress and restricting our own and foreign investments.

If, however, we had a Corporation Court composed of six eminent attorneys, before which any company could, in advance, state its business plans for the court's approval; the court's legal



endorsement, in advance, approving the company's policy, would render it easily possible to place securities and would end harmful prevailing rumors.

I recall that, during the recent panic, in order to save certain financial institutions, it was necessary that the Tennessee Coal, Iron and Railroad Company should be sold. It is understood that the United States Steel Corporation would not buy the road until President Roosevelt sanctioned its sale.

In a similar, urgent case, immediate decision rendered by a Corporation Court would be useful. It would establish confidence in our securities.

We all know that English manufacturers of silverware have their goods hall-marked by the English Government. That little mark is accepted all over the world guaranteeing the fineness of the silver.

The suggested Corporation Court would hall-mark our securities and prove an additional aid in securing and establishing national confidence.



**FIXED TRAFFIC RATES FOR
FIFTEEN YEARS**



FIXED TRAFFIC RATES FOR FIFTEEN YEARS

AFTER health, *service* is the greatest blessing that can be conferred on the people of our nation; that is *regular work*, with good pay for all; work well done, day after day, with a chance for the laboring man to educate his children, own his home and save money. Evenly balanced conditions in business will alone bring opportunity for labor; falling prices of securities and financial unrest never will secure these great blessings to this nation. In order to gain needed years of rest, we must end the present period of "jumpy" conditions, and give our bankers, for a few years, opportunity to drop that scared-dog look which they have worn of late. This change would prove to be the greatest blessing possible to happen in the United States; so great, that it is advisable our President, Congress, Governors and Legislatures of every state, should work to solve the problem during the coming year.

Now to my mind the solution can alone be brought about by the granting of a slight in-

crease in freight and passenger rates. After these are fixed, so that the net railroad earnings are one per cent. more than at present, let the rates alone for fifteen years!

Make no changes for fifteen years and assure railroad men and bond and share holders that they need fear no radical rate changes. The very day that traffic rates are fixedly established, (like the price of postage stamps) for fifteen years, we would inaugurate a period of the greatest prosperity our nation has witnessed.

The purses of England and France would open in this direction. Capital would be invested in American land as never before. Most manufacturers would be pushed night and day to fill orders, and new industries would start. United States Steel would go to par and remain there. All labor would have permanent place at good pay. We would be free from panics for the next fifteen years, or, until enforcement of another adjustment of traffic rates; but I think by that time Capital and Labor would be so pleased with the working of the fixed rate system that its fifteen-year period would be extended.

Presume the passenger rate were advanced one mill per mile; this amounts to but one dollar more



on a ticket from New York to Chicago. Suppose freight rates were on an average, advanced one-half a mill per ton, per mile; that would be only fifty cents advance from New York to Chicago. Then imagine, (and you cannot unless you are a railroad man,) that this rate is fixedly established for the next fifteen years. Tremendous work would be immediately planned. What improvements now would be laid out for 1911-1912 and 1920, positive that during that period there would be no fight for railroad existence!

Under the present changeable status, railroads plan for an expenditure of ten or twenty millions; suddenly some great change is effected in traffic rates, or railroads are enjoined from advancing these, and simultaneously are compelled to advance pay for all labor;—all the contemplated improvements stop!

During the last four months, fully one hundred million dollars of planned improvements for railroads have been abandoned, I have been told, and sale of railroad securities has been made impossible because of rate meddling.

At least fifty million dollars of this sum would have gone into the pockets of laboring men. What a loss to labor! Capital can stand holding the

money idle even if it earns no interest for a while; the money remains in possession of the capitalist; it is lost by the laboring man.

Traffic-rate regulation acts of the last sixty days, are apt again to establish the bread line and free soup as national institutions, and unless reaction quickly occurs this cannot be prevented.

To use a vulgarism, our nation seems to have been "hitting the pipe," and mistakenly enjoying hallucinations. The national ear has been close to the ground, listening to the people "damning the railroads"; apparently the sweetest music was the singing of politicians asseverating they were "going for the railroads"; most delectable reading was muck-raking articles lambasting invested capital. Certainly this is "hitting the pipe"; it is deadening progress with opium and as helpful as was Nero's fiddling while Rome burned.


Prices of land, corn, hogs, cattle, help, rent, living and clothes have gone up with bounds during the last decade, yet railroad rates have been pushed down and all railroad running expenses have increased exactly in proportion to the living expenses of man. Not long since, it was thought that we would have a panic every nine years; now it seems we must welcome them every twenty-four months.

The chief reason for this is, that the railroads are not fairly treated; they are forced to pay more for material and help than formerly, but are not allowed to increase traffic rates. But even if thus denied, conditions would not be so bad, if rates were definitely fixed for a period of years; if politicians and law makers would let the rates alone; stopping this endless agitation which leads investors to think that drastic steps are to be taken, which certainly would put out of business some of the roads that are now fighting for bare existence.

This country is growing fast and nothing helps its growth like proper transportation facilities. James J. Hill says that five hundred million dollars needs to be expended by American railroads in the next ten years. I believe it. If some law could be passed calculated to overcome the distrust regarding our securities, this money could be found here and in Europe. It will not remain uninvested, but failing us will go to up-build Argentine, Chili, Brazil, Africa or Russia. We could secure this gold if a slight advance in traffic rates were allowed and assurance given of "hands off" for fifteen years. The Erie needs thirty million dollars and could get it; the Santa

Fe could finish its double track, which plan, the English papers said, was abandoned, when the proposed raise in rates was enjoined. The Union Pacific and other roads would expend millions.

Would you object to this slight increase in freight rates, which amounts to one-sixteenth of the present schedule? Would you feel the trifling increase of one mill per mile in passenger rates? I believe not! Your assent would secure prosperity,—the like of which has never been witnessed! Our bonds and shares would take their proper place at home and in the eyes of foreign investors and we would permit railroad development to keep pace with the rapid growth of the nation. The great prosperity now enjoyed by Canada would be secured for the United States and **CONFIDENCE** would supplant **NATIONAL SUICIDE**.



AN AMERICAN LEGION OF HONOR

AN AMERICAN LEGION OF HONOR

I HAVE always thought that the most needed order in the United States is a **LEGION OF HONOR**. There are a number of reasons for this. We have men in all parts of our land who are striving in every way to become public benefactors. In the crush of business and the rush for wealth, such men are scarcely noticed, yet there is no man who does not love to have his good works recognized, and it would be well for any nation, publicly to recognize merit.


A number of Americans have been made members of the French Legion of Honor, a decoration in which they have justly taken pride.

In England, men enthusiastically prosecute all kinds of work for the good of the nation, confident that in due time their efforts will be nationally recognized. Great writers, actors, merchants, builders, scientists, doctors, bankers, are rewarded with the title, "Sir," or "Lord," or achieve orders of merit for distinguished service,—precious above gold, and a glory for their children and their children's children.

Let us form a Legion of Honor to reward our great men, in any walk of life, who give all in their power to develop or uplift the nation. It is ignoble that mere millionaires should be thought to constitute American nobility!

The nation should create a Legion of Merit,—an aristocracy of distinguished national service! We should no longer count millionaires as great; some of these seem to have striven to prove the old saying that large wealth cannot be earned with kid gloves. More men would strive for a good reputation were this considered as important an honor as the possession of riches.

We may not now sail pirate craft with the black flag nailed to the mast-head; we may no longer organize Jesse James gangs; but we have more modern methods of robbing, more potent than either of the foregoing. Unfortunately the chief American strife has been for wealth. Is it not time that we should give a little attention to other matters? What other nation has ever produced a man who has achieved so much for transportation as George Westinghouse? Yet, do we half appreciate what he gave the world in the air-brake invention? We have hundreds of men worthy to have written before



their names:—"Honorable" and after their names:—"D. N. S."—Distinguished National Service.

Andrew Carnegie has been a great power throughout the world. No man in the United States has ever done more than James J. Hill to enlist confidence of foreign investors in American railroads. During twenty years of work in Europe, I have never heard any man speak of Mr. Hill except in praise, and there has been no loss in any investment which he has placed. Mr. Flagler has been of assured benefit in building the Florida East Coast Railroads and his chain of hotels.

An organization of men recognized as national up-builders would be a powerful aid in counter-acting some of the scandalous reports made during the financial depression, and such an institution would be of great use in upholding and sustaining national credit and honor,—helping to establish confidence.

Its word would be potent in any of the markets of the world. It would be helpful in shaping public opinion when important legislation is being considered.

I can see no reason why an American Legion

of Honor is not a needed national institution and why the emblem would not be one sought after and worn with pride when earned.

I am sure such an order could be incorporated by a bill in Congress, giving the President the right to name the first twenty-five members. We could all rest assured that he would make a wise selection. They, in turn, might have the power, annually of conferring the title of "Distinguished National Service," on perhaps twenty or thirty additional members.

In time we would look with high respect on such organization. I am quite aware of the fact that a number of our leading men will occupy a place in the Hall of Fame; yet there is very little fattening in post mortem glory!

LET US BE FAIR!

LET US BE FAIR!

INCREASED prosperity for the railroads, largest employers of labor in America, and increased traffic rates are exactly what every one wants brought about.

This may be thought a rash statement, but nevertheless is a fact. The reader may not acknowledge that he wishes this consummation, so in this concluding chapter I shall state my reasons for the above expressed belief.

In the first place, everyone in the nation is blest, when abundant prosperity exists along all walks of life.

In 1892 or 1893, corn ranged from seven to ten cents a bushel; this price brought no one any good,—it starved the farmer, foreclosed a vast number of mortgages, and brought general ruin to merchants, since the farmer had no money to spend. It restricted trade of all kinds, and all building operations.

Let us exaggerate! Suppose the Interstate Commerce Commission not only fixed the railroad rates, but also established the market price of corn!

